

file

This Listing Statement is compiled by the Exchange from documents filed by the Company in making application for listing. It is issued for the information of members, member firms and member corporations of the Exchange. It is not and is not to be construed as a prospectus. The Exchange has received no consideration in connection with the issue of this Listing Statement other than the customary listing fee. The documents referred to above are open for inspection at the general office of the Exchange.

LISTING STATEMENT No. 2246

LISTED OCTOBER 14, 1966
 554,860 Class A common shares without par value, of which 40,000 shares are subject to issuance.
 Ticker abbreviation "SYS"
 Dial ticker number 2215
 Post section 11

THE TORONTO STOCK EXCHANGE

LISTING STATEMENT

SOBEYS STORES LIMITED

Incorporated under the laws of the Province of Nova Scotia by Memorandum of Association dated April 18th, 1946.

CAPITALIZATION AS AT SEPTEMBER 1, 1966

	AUTHORIZED	OUTSTANDING	TO BE LISTED
*5½ % Sinking Fund Debentures Series A, due September 1, 1968	\$ 300,000	\$ 120,000	
*5% Sinking Fund Debentures Series B, due March 1, 1972	500,000	309,000	
*4¾ % Sinking Fund Debentures Series C, due September 1, 1975	500,000	350,000	
*6% Sinking Fund Debentures Series D, due May 1, 1977	750,000	547,500	
*6% Sinking Fund Debentures Series E, due March 1, 1981	1,000,000	850,500	
*6% Sinking Fund Debentures Series F, due April 1, 1984	1,000,000	949,000	
*5¾ % Sinking Fund Debentures Series G, Due April 15, 1985	500,000	485,000	
*6% Sinking Fund Debentures Series H, due November 1, 1985	1,000,000	1,000,000	
***Preference Shares of the par value of \$20 each, issuable in Series	**250,000 shs.		
Class A Common Shares (without nominal or par value)	750,000 shs.	514,860 shs.	554,860 shs.
Class B Common Shares (without nominal or par value)	500,000 shs.	212,000 shs.	
*Additional Debentures may be issued, but only subject to the restrictive provisions of a Deed of Trust dated September 1, 1963 between the Company and The Nova Scotia Trust Company, Trustee, as amended.			
**Additional Preference Shares may be created and issued subject to the fulfilment of conditions attaching to those shares.			

***75,000 Preference Shares of the par value of \$20.00 each were designated 1966 series and were the subject of an underwriting agreement with Eastern Securities Company Limited dated August 15, 1966 under which Eastern Securities Company Limited agreed to purchase 37,500 shares and has an option to purchase an additional 37,500 shares.

Outstanding Debentures, September 1, 1966 which total \$4,611,000 differ from the balance sheet figures of May 7, 1966 and August 6, 1966, and may be reconciled as follows:

I. Outstanding Debentures, September 1, 1966	4,611,000.
Add:	
Debentures surrendered for redemption May 30, 1966	22,500.
	<u>4,633,500.</u>
Deduct:	
Debentures in hands of Company May 7, 1966	134,000
Transfer to Current Liabilities May 7, 1966	83,500
	<u>217,500.</u>
Outstanding Debentures, balance sheet, year ending May 7, 1966	<u>4,416,000.</u>
II. Outstanding Debentures, September 1, 1966	4,611,000.
Deduct:	
Funds held by Trustee for redemption of Debentures	18,500.
	<u>4,592,500.</u>

September 1, 1966

1. APPLICATION

SOBEYS STORES LIMITED (hereinafter called the "Company") hereby makes application for the listing on The Toronto Stock Exchange of 554,680 Class A Common Shares without nominal or par value of which 514,860 have been issued and are outstanding as fully paid and non-assessable. The remaining 40,000 Class A Common Shares included in this application have been reserved to satisfy the conditions relating to Share Purchase Warrants attaching to the Sinking Fund Debentures, Series H, maturing November 1, 1985.

2. HISTORY AND NATURE

Sobeys Stores Limited was incorporated on April 18, 1946, and acquired the operating assets of the businesses formerly carried on under the names "Sobeys Stores" and "Barkers Stores Limited". The principal business of the Company is the retail distribution of groceries, meats, fish, butter, eggs, poultry, farm produce, canned goods and other allied lines.

The Company and its predecessors have been carrying on business for sixty years. The late Mr. John W. Sobeys first opened a meat and grocery business in Stellarton in 1906. In 1926 his son, Mr. Frank H. Sobeys, became his partner and the business continued to expand under the trade name of "Sobeys Stores". At the date of the Company's incorporation in 1946 there were in operation fourteen retail stores, a bakery and a wholesale warehouse. Since the date of incorporation Sobeys Stores Limited has continued to expand and to modernize until at the present time the Company has in operation fifty efficient food markets and a central warehouse. During the past twenty years the Company has expanded operations throughout Nova Scotia, New Brunswick, and Prince Edward Island and has now entered the Newfoundland and Gaspé Coast markets.

Each year, since its incorporation, the Company has shown an increase in its sales volume over the previous year. In addition, the Company's policy of expansion through additional retail outlets should result in further increases in its annual volume.

The Company employs approximately 1,300 full-time and part-time employees. Eligible employees participate in a profit sharing and pension plan. Other benefits are provided to the employees.

3. INCORPORATION

Sobeys Stores Limited was incorporated under the Nova Scotia Companies Act on April 18, 1946. Its memorandum and Articles of Association are enclosed and have not been amended. The original capitalization was \$350,000.00 divided into 15,000 preference shares of a par value of \$20.00 each and 10,000 common shares of a par value of \$5.00 each. On June 9, 1956 the authorized capital was increased to \$375,000.00 by the creation of an additional 5,000 common shares of the par value of \$5.00 each. On March 21, 1959 the authorized capital was decreased by the cancellation of 250 of the unissued preference shares and by the cancellation of 4,400 of the unissued common shares. The remaining 10,600 common shares were then converted into stock and the stock was then immediately reconverted into 15 Class "A" Common Shares and 10 Class "B" Common Shares for each common share previously authorized, the Class A and Class B Common Shares being without nominal or par value. At the same date the capital was increased by the creation of 216,000 additional Class A Common Shares without nominal or par value and by the creation of 144,000 additional Class B Common Shares without nominal or par value. 14,750 preference shares of the par value of \$20.00 each were cancelled as of May 5, 1959. On August 8, 1966, the capital was increased by the creation of 250,000 preferred shares with a par value of \$20.00 each. On September 1, 1966 the Class A Common Shares and the Class B Common Shares were subdivided on a two for one basis. At present, the authorized capital of the Company is as follows:

750,000 Class A Common Shares without nominal or par value; and
500,000 Class B Common Shares without nominal or par value; and
250,000 Preferred Shares with a par value of \$20.00 each.

4. SHARE ISSUES DURING PAST TEN YEARS

(a) Class A Common Shares without Par Value

DATE OF ISSUE	NO. OF SHARES ISSUED	AMOUNT REALIZED PER SHARE	TOTAL AMOUNT REALIZED	PURPOSE OF ISSUE
May 4, 1959	234,000	\$ 5.25	\$1,229,250.00	Stock conversion (see 4 above).
March 1, 1966	13,430	20.00	268,600.00	Exercise of rights Series E Debentures dated March 1, 1961.
May 18, 1966	10,000	20.00	200,000.00	Part purchase price of an acquired business.
September 1, 1966	257,430	—	—	Subdivision on a two for one basis.

(b) Class B Common Shares without Par Value

DATE OF ISSUE	NO. OF SHARES ISSUED	AMOUNT REALIZED PER SHARE	TOTAL AMOUNT REALIZED	PURPOSE OF ISSUE
May 4, 1959	106,000	.3019	\$ 32,000.00	Stock conversion (see 4 above).
September 1, 1966	106,000	—	—	Subdivision on a two for one basis.

5. STOCK PROVISIONS AND VOTING POWERS

The description of the respective rights of voting at meetings of the Company conferred by, and the rights in respect of capital and dividends attached to, the several classes of shares in the capital stock of the Company are as follows:

CLASS "A" COMMON SHARES AND CLASS "B" COMMON SHARES

- The Class "A" Common Shares and Class "B" Common Shares shall rank equally and pari passu, share for share, with each other and entitle the respective holders thereof to the same rights and benefits, except as follows:
 - The Class "B" Common shares shall carry the right to one vote per share at all meetings of the Shareholders of the Company;
 - The Class "A" Common Shares shall in no circumstances carry the right to receive notice of or to attend or vote at any meeting of the Shareholders of the Company; and
 - The Directors may at any time and from time to time declare a dividend or confer any other benefit whatsoever upon the holders of the Class "A" Common Shares without being obliged to declare an equal or any dividend or confer an equal or any other benefit upon the holders of the Class "B" Common Shares provided that no dividend may be declared in respect of or any other benefit conferred upon the holders of the Class "B" Common Shares unless concurrently therewith the same dividend is declared in respect of and the same benefit is conferred upon the holders of the Class "A" Common Shares.
- No holder of the Class "A" Common Shares or of the Class "B" Common Shares shall under any circumstances have the right to require that the Company be wound up solely by reason of the fact that all or any part of the business or undertaking of the Company is discontinued or disposed of.

PREFERENCE SHARES

The Preference Shares with a par value of \$20 each (hereinafter called "Preference Shares") have attached thereto, as a class, the preferences, rights, conditions, restrictions, limitations and prohibitions as follows:

- Preference Shares may at any time or from time to time be issued in one (1) or more series, each series to consist of such number of shares as may before the issue thereof be determined by the Company; the Company may (subject as hereinafter provided) by special resolution fix from time to time before the issue thereof the designation, preferences, rights, conditions, restrictions, limitations or prohibitions attaching to the Preference Shares of each series including, without limiting the generality of the foregoing, the rate of preferential dividends, the dates of payment thereof, the redemption price and terms and conditions of redemption, conversion rights (if any) and any sinking fund, purchase fund or other provisions attaching to the Preference Shares of such series;
- The Preference Shares of each series shall be entitled to preference over the Class A Common Shares and the Class B Common Shares of the Company (hereinafter collectively called the Common Shares) and any other shares ranking junior to the Preference Shares, with respect to priority in payment of dividends and in the distribution of assets in the event of the liquidation, dissolution or winding up of the Company, whether voluntary or involuntary, or any other distribution of the assets of the Company among its shareholders for the purpose of winding up its affairs and may also be given such other preferences over the Common Shares of the Company and any other shares ranking junior to the Preference Shares as may be determined as to the respective series authorized to be issued;
- Upon request the holders of the Preference Shares shall be entitled to receive copies of the financial statements of the Company and the auditors' report thereon to be submitted to the shareholders of the Company at annual meetings. If at any time a shareholder of any of the Preference Shares is entitled to vote in the manner and to the extent set out in this paragraph (c), he shall be entitled to receive at all times while entitled to vote a copy of the financial statements of the Company and the auditors' report thereon to be submitted to the shareholders of the Company at annual meetings. The holders of

Preference Shares shall not be entitled as such (except as herein specifically provided) to receive notice of or to attend any meeting of the shareholders of the Company or to vote at any such meeting unless and until the Company from time to time shall fail to pay in the aggregate more than six (6) quarterly dividends on the Preference Shares of any one (1) series on the dates on which the same should be paid according to the terms thereof and unless and until more than six (6) quarterly dividends on such shares remain outstanding and be unpaid whether or not consecutive and whether or not such dividends have been declared and whether or not there are any moneys of the Company properly available for the payment of dividends; thereafter but only so long as any dividends on the Preference Shares of any series remain in arrears the holders of the Preference Shares shall be entitled to receive notice of and to attend all meetings of shareholders of the Company and shall be entitled to one (1) vote in respect of each Preference Share held and in addition shall be entitled, voting separately and exclusively as a class, to elect two (2) members of the board of directors of the Company, but nothing herein contained shall be deemed to limit the right of the Company from time to time to increase or decrease the number of its directors. Notwithstanding anything contained in the articles of association of the Company, the term of office of all persons who may be directors of the Company at any time when the right to elect directors shall accrue to the holders of Preference Shares as herein provided, or who may be appointed as directors thereafter and before a meeting of shareholders shall have been held, shall terminate upon the election of the directors at the next annual meeting of shareholders or at a general meeting of shareholders which may be held for the purpose of electing directors at any time after the accrual of such right to elect directors upon not less than twenty (20) days' written notice and which shall be called by the secretary of the Company upon the written request of the holders of record of at least one-tenth (1/10) of the outstanding Preference Shares; in default of the calling of such general meeting by the secretary within ten (10) days after the making of such request, such meeting may be called by any holder of record of Preference Shares.

Any vacancy or vacancies occurring among members of the board elected by the holders of Preference Shares, voting separately and exclusively as a class, in accordance with the foregoing provisions, may be filled by the board of directors with the consent and approval of the remaining director elected by the holders of Preference Shares, voting separately and exclusively as a class, but if there be no such remaining directors the board may elect or appoint sufficient holders of Preference Shares to fill the vacancy or vacancies; whether or not such vacancy or vacancies is or are so filled by the board, the holders of record of at least one-tenth (1/10) of the outstanding Preference Shares shall have the right to require the secretary of the Company to call a meeting of the holders of Preference Shares for the purpose of filling the vacancy or vacancies or replacing all or any of the persons elected or appointed to fill such vacancy or vacancies and the provisions of the last preceding paragraph shall apply with respect to the calling of any such meeting. Notwithstanding anything contained in the articles of association of the Company (i) upon any termination of the said right to elect directors, the term of office of the directors elected or appointed to represent the holders of Preference Shares exclusively shall forthwith terminate and (ii) the holding of one (1) Preference Share shall be sufficient to qualify a person for election or appointment as a director of the Company to represent the holders of Preference Shares exclusively;

- (d) No series of Preference Shares shall be authorized which shall have a dividend rate in excess of ten per cent (10%) per annum on the amounts from time to time paid up thereon or be entitled to receive upon liquidation, dissolution or winding up or upon redemption, a sum in excess of one hundred and ten per cent (110%) of the amounts paid up thereon plus a sum equivalent to all unpaid dividends accumulated thereon;
- (e) The Company may at any time and from time to time increase the number of Preference Shares in the class by creating Preference Shares in addition to the number of Preference Shares then authorized as part of the capital stock of the Company to rank *pari passu* with the Preference Shares of the class then authorized and may issue the same subject to the preferences, rights, conditions, restrictions, limitations and prohibitions attaching to the Preference Shares as a class and to the preferences, rights, conditions, restrictions, limitations, and prohibitions attaching to any series of Preference Shares then issued and outstanding;
- (f) Any Preference Shares purchased or redeemed by the Company shall be cancelled and shall not be reissued;
- (g) The Preference Shares of each series shall rank *pari passu* with the Preference Shares of every other series with respect to payment of dividends and distribution of assets in the event of the liquidation, dissolution or winding up of the Company whether voluntary or involuntary.

1966 SERIES PREFERENCE SHARES

The first series of the said class of Preference Shares is to consist of 75,000 Preference Shares with a par value of \$20 each designated as "6¼% Cumulative Redeemable Preference Shares, 1966 Series" (hereinafter called the "1966 Series Preference Shares") and, in addition to the preferences, rights, conditions, restrictions, limitations and prohibitions attaching to the Preference Shares as a class, the 1966 Series Preference Shares have attached thereto preferences, rights, conditions, restrictions, limitations and prohibitions as follows:

- (1) The holders of the 1966 Series Preference Shares shall be entitled to receive and the Company shall pay thereon as and when declared by the board of directors out of the moneys of the Company properly available for the payment of dividends, fixed cumulative preferential cash dividends at the rate of six and one quarter per cent (6¼%) per annum payable quarterly on the first days of January, April, July, and October in each year on the amounts from time to time paid up thereon not exceeding the par value thereof, the first of such dividends to be payable on the first day of January, 1967; such dividends shall accrue from such date or dates as may in the case of each issue be determined by the board of directors of the Company or in case no date be so determined then from the date of allotment; cheques of the Company payable at par at any branch of the Company's bankers for the time being in Canada (far northern branches excepted) shall be issued in respect of such dividends; if on any dividend payment date the dividend payable on such date is not paid in full on all the 1966

Series Preference Shares then issued and outstanding, such dividend or the unpaid part thereof shall be paid on a subsequent date or dates determined by the board of directors of the Company on which the Company shall have sufficient moneys properly available for the payment of the same; the holders of the 1966 Series Preference Shares shall not be entitled to any dividends other than or in excess of the cash dividends hereinafter provided for;

- (2) In the event of the liquidation, dissolution or winding up of the Company or any other distribution of assets of the Company among its shareholders for the purpose of winding up its affairs, the holders of the 1966 Series Preference Shares shall be entitled to receive the amount paid up on such shares together with all accrued and unpaid preferential dividends (which for such purpose shall be calculated as if such dividends were accruing for the period from the expiration of the last quarterly period for which dividends have been paid up to the date of distribution) and if such liquidation, dissolution, winding up or distribution be voluntary, an additional amount equal to the premium which would be payable as part of the redemption price of such shares if such shares were redeemed under the provisions of clause (5) hereof at the time of payment under the provisions of this clause (2), before any amount shall be paid or any property or assets of the Company distributed to the holders of any shares ranking junior to the 1966 Series Preference Shares; after payment to the holders of the 1966 Series Preference Shares of the amount so payable to them they shall not be entitled to share in any further distribution of the property or assets of the Company;
- (3) No dividends shall at any time be declared or paid on or set apart for payment on any shares of the Company ranking junior to the Preference Shares unless all dividends up to and including the dividend payable for the last completed quarter on each series of the Preference Shares then issued and outstanding shall have been declared and paid or set apart for payment at the date of such declaration or payment or setting apart for payment on such shares of the Company ranking junior to the Preference Shares, nor shall the Company call for redemption or purchase for cancellation or reduce or otherwise pay off any of the Preference Shares (less than the total amount then outstanding) or any shares of the Company ranking junior to the Preference Shares unless all dividends up to and including the dividend payable for the last completed quarter on each series of the Preference Shares then issued and outstanding shall have been declared and paid or set apart for payment at the date of such call for redemption, purchase, reduction or other payment off;
- (4) Subject to the provisions of clause (3) hereof, the Company may at any time or times purchase (if obtainable) for cancellation all or any part of the 1966 Series Preference Shares outstanding from time to time in the market (including purchase through or from a firm holding membership on a recognized stock exchange or from an investment dealer which is a member of the Investment Dealers' Association of Canada) or by invitation for tenders addressed to all the holders of record of the 1966 Series Preference Shares outstanding, in all cases at the lowest price or prices at which in the opinion of the directors, such shares are obtainable but not exceeding the price at which at the date of purchase, such shares are redeemable as provided in clause (5) hereof (including accrued and unpaid preferential dividends as provided in the said clause (5) hereof) plus costs of purchase; if upon any invitation for tenders under the provisions of this clause the Company shall receive tenders of 1966 Series Preference Shares at the same lowest price which the Company may be willing to pay in an aggregate number greater than the number for which the Company is prepared to accept tenders, the 1966 Series Preference Shares so tendered shall be purchased as nearly as may be pro rata (disregarding fractions) according to the number of 1966 Series Preference Shares so tendered by each of the holders of 1966 Series Preference Shares who submitted tenders at the said same lowest price;
- (5) Subject to the provisions of clause (3) hereof, the Company may, upon giving notice as hereinafter provided, redeem at any time the whole or from time to time any part of the then outstanding 1966 Series Preference Shares on payment for each share of the following percentages of the amount paid up on such share:

in the case of redemption on or before October 1, 1967	105%;
after October 1, 1967 and on or before October 1, 1968	104%;
after October 1, 1968 and on or before October 1, 1969	103%;
after October 1, 1969 and on or before October 1, 1970	102%;
after October 1, 1970 and on or before October 1, 1971	101%;

and thereafter at the amount paid up thereon, together in all cases with all accrued and unpaid preferential dividends (which for such purpose shall be calculated as if the dividends on the 1966 Series Preference Shares were accruing for the period from the expiration of the last quarterly period for which dividends have been paid up to the date of such redemption);

- (6) In any case of redemption of 1966 Series Preference Shares under the provisions of clause (5) hereof, the Company shall, at least thirty (30) days before the date specified for redemption, mail to each person who at the date of mailing is a registered holder of 1966 Series Preference Shares to be redeemed a notice in writing of the intention of the Company to redeem such 1966 Series Preference Shares; such notice shall be mailed in a prepaid letter addressed to each such shareholder at his address as it appears on the books of the Company or in the event of the address of any such shareholder not so appearing then to the last known address of any such shareholder; provided, however, that accidental failure or omission to give any such notice to one (1) or more of such holders shall not affect the validity of such redemption; such notice shall set out the redemption price and the date on which redemption is to take place and if part only of the 1966 Series Preference Shares held by the person to whom it is addressed is to be redeemed the number thereof so to be redeemed; on or after the date so specified for redemption the Company shall pay or cause to be paid to or to the order of the registered holders of the 1966 Series Preference Shares to be redeemed the redemption price on presentation and surrender at the head office of the Company, or any other place designated in such notice, of the certificates representing the 1966 Series Preference Shares so called for redemption; such payment shall be made by cheques payable at par at any branch of the Company's bankers for the time being in Canada (far northern bankers excepted); if a part only of the 1966 Series Preference Shares represented by any certificates shall be redeemed, a new certificate for the balance shall be issued at

the expense of the Company; from and after the date specified for redemption in any such notice, the 1966 Series Preference Shares called for redemption shall cease to be entitled to dividends and the holders thereof shall not be entitled to exercise any of the rights of shareholders in respect thereof unless payment of the redemption price shall not be made upon presentation of certificates in accordance with the foregoing provisions, in which case the rights of the holders shall remain unaffected; the Company shall have the right, at any time after the mailing of notice of its intention to redeem any 1966 Series Preference Shares as aforesaid, to deposit the redemption price of the 1966 Series Preference Shares so called for redemption, or of such of the said shares represented by certificates as have not at the date of such deposit been surrendered by the holders thereof in connection with such redemption, to a special account in any chartered bank or any trust company in Canada named in such notice such price to be paid without interest to or to the order of the respective holders of such 1966 Series Preference Shares called for redemption upon presentation and surrender to such bank or trust company of the certificates representing the same. Upon such deposit being made, the 1966 Series Preference Shares in respect whereof such deposit shall have been made shall be redeemed and the rights of the holders thereof after such deposit shall be limited to receiving without interest their proportionate part of the total redemption price so deposited against presentation and surrender of the said certificates held by them respectively; any interest allowed on any such deposit shall belong to the Company;

- (7) Subject as hereinafter provided and subject to the provisions of clause (3) hereof, as long as any of the 1966 Series Preference Shares are outstanding the Company shall on or before the fifteenth day of October in each year, commencing with the year 1971, set aside on its books as a purchase fund for the purchase of 1966 Series Preference Shares for cancellation an amount equal to two per cent (2%) of the aggregate par value of the total number of 1966 Series Preference Shares theretofore issued; subject to the provisions of clause (3) hereof, the amounts from time to time set aside as a purchase fund in respect of the 1966 Series Preference Shares shall be applied as soon as practicable to the purchase of 1966 Series Preference Shares (if obtainable) in the market at the lowest price or prices at which in the opinion of the directors such shares are obtainable but not exceeding an amount equal to the amount paid up thereon plus costs of purchase; to the extent to which 1966 Series Preference Shares cannot be so purchased at prices not exceeding the said price the Company shall not be obliged to make any application of the purchase fund in the purchase of 1966 Series Preference Shares and any amount remaining in such purchase fund on September 30 in any year shall cease to be allocated to the purchase fund and may thereafter be used by the Company for its general corporate purposes;
- (8) The Company shall not, without the prior approval of the holders of the 1966 Series Preference Shares given as hereinafter specified,
 - (a) issue any shares in the capital stock of the Company having any right to dividends or capital in priority to or *pari passu* with the rights of the holders of the Preference Shares; or
 - (b) issue any Preference Shares in addition to the Seventy-Five Thousand (75,000) 1966 Series Preference Shares unless (i) consolidated net tangible assets as hereinafter defined of the Company and its subsidiaries amount to at least two and one-quarter ($2\frac{1}{4}$) times the aggregate par value of all Preference Shares to be outstanding immediately after such issue, and (ii) average annual consolidated net earnings as hereinafter defined of the Company and its subsidiaries for any twelve (12) consecutive calendar months out of the eighteen (18) calendar months next preceding the date of issue have been at least equal to two and one-half ($2\frac{1}{2}$) times the annual dividend requirements on all the Preference Shares to be outstanding immediately after such issue; a report of the Company's auditors for the time being as to whether the Company is or is not entitled to issue any Preference Shares without the prior approval aforesaid, shall be conclusive and binding on the Company and the holders of shares of every class;

"Consolidated net tangible assets" as used herein means current assets and all other assets of the Company and its subsidiary companies (including the proceeds or estimated proceeds of the issue of any shares under a contract or arrangement providing for payment in cash within sixty (60) days after the date of such contract or arrangement) except goodwill, leases, trade marks and formulae and after deducting all liabilities of the Company and its subsidiary companies other than reserves for accumulated tax reductions applicable to future years, contingent liabilities (except to the extent that the directors with the approval of the auditors of the Company determine that provisions should be made therefor) and other than liabilities to shareholders with respect to capital, liabilities to surplus and reserves to the extent not required to be treated as liabilities in accordance with generally accepted accounting practice; in calculating consolidated net tangible assets due allowance shall be made for the minority interest, if any, in any subsidiary and for the value of any investment which is included in current assets and for which a quoted value exists on a recognized stock exchange or in over the counter trading by registered securities dealers and such investment may be taken at not more than such value, otherwise at cost to the Company or a subsidiary;

"Consolidated net earnings" as used herein means all the gross earnings and income of the Company and its subsidiary companies from all sources, less all administrative, selling and operating charges and expenses of every character and all fixed charges of the Company and its subsidiary companies (and including gains or losses on the disposal of investments and fixed assets) arrived at on a consolidated basis in accordance with generally accepted accounting practice; without limitation of the generality of the foregoing, operating expenses shall include insurance, maintenance, repairs, renewals (except such expenditures for renewals as are charged to capital account in accordance with generally accepted accounting practice), rentals, licences, taxes (including taxes on income) and all interest and such provisions or allowances for bad and doubtful debts as the directors in their discretion, with the approval of the Company's auditors, may determine, and, in addition to actual expenditures for maintenance, reasonable allowance for depreciation; the net earnings of any subsidiary company for the purpose of this definition shall only include such part of the net earnings and income of such subsidiary company calculated as aforesaid as under generally accepted accounting practice is applicable to those shares of such subsidiary company which are held by the Company or any other subsidiary company; if, at the time of determining consolidated net earnings for any past period, the Company or any subsidiary has acquired, is in

the process of acquiring, or proposes to acquire, any property or any shares of any other company (sufficient with any shares of such other company already owned by the Company or a subsidiary to result in such other company becoming a subsidiary) and if the net proceeds of the then proposed issue of Preference Shares are to be applied directly or indirectly towards the cost of or in reimbursement of the cost of the acquisition of such property or shares (as to which a resolution of the directors shall be conclusive and binding), then the net earnings or net losses of such property of such other company for the same past period (calculated in accordance with the provisions herein contained respecting consolidated net earnings) shall, if in the opinion of the Company's auditors the Company has access to data sufficient to enable such auditors to determine such net earnings or net losses, be treated as net earnings or net losses as the case may be in the computation of consolidated net earnings;

For the purposes of this clause (8) and subject to the foregoing provisions hereof, consolidated net tangible assets and the value thereof and consolidated net earnings and the amount thereof shall be determined by the auditors of the Company who may adopt or give effect to any values, provisions or reserves appearing in the accounts of the Company or its subsidiaries, as the case may be, with such adjustments as the auditors may consider necessary and the auditors in making such determination shall be deemed to be acting as experts and such determination by the auditors of the Company from time to time shall be deemed to be correct and shall be conclusive and binding on the Company and the holders of shares of every class;

"Subsidiary" means a company of which all the shares for the time being carrying voting rights (other than directors' qualifying shares) are for the time being owned or controlled directly or indirectly by or for the Company and includes a company in like relations to a subsidiary;

- (9) As long as any of the 1966 Series Preference Shares are outstanding the Company will not,
- (a) declare or pay any dividends (other than stock dividends in shares of the Company ranking junior to the 1966 Series Preference Shares); or
 - (b) redeem, decrease, purchase or otherwise pay off any of its shares at any time outstanding and ranking junior to the 1966 Series Preference Shares (except out of the proceeds of an issue of shares ranking junior to the 1966 Series Preference Shares made at any time after the first (1st) day of November, 1966, and prior to or contemporaneously with any such redemption, decrease, purchase or payment off)

if as a result of

- (i) such declaration or payment; or
- (ii) such redemption, decrease, purchase or other payment off of any of its shares.

the consolidated net tangible assets as hereinbefore defined will be less than two hundred per cent (200%) of the aggregate par value of all Preference Shares then issued and outstanding;

- (10) The foregoing provisions, the provisions of this clause and the provisions of clause (11) hereof may be deleted, varied, modified, amended, or amplified but only with the approval of the holders of the 1966 Series Preference Shares given as hereinafter specified, in addition to any vote or authorization required by the Companies Act; and
- (11) The approval of holders of the 1966 Series Preference Shares as to any and all matters referred to herein (in addition to or as distinct from any vote or authorization required by the Companies Act) may be given by resolution passed at a meeting of the holders of the 1966 Series Preference Shares duly called and held upon at least fifteen (15) days' written notice at which the holders of at least a majority of the outstanding 1966 Series Preference Shares are present or represented by proxy and carried by the affirmative vote of the holders of not less than two-thirds ($\frac{2}{3}$) of the 1966 Series Preference Shares represented and voted at such meeting cast on a poll; if at any such meeting the holders of a majority of the outstanding 1966 Series Preference Shares are not present or represented by proxy within half an hour after the time appointed for the meeting, then the meeting shall be adjourned to such date being not less than twenty-one (21) days later and to such time and place as may be appointed by the chairman and at least fifteen (15) days' written notice shall be given of such adjourned meeting, but it shall not be necessary in such notice to specify the purpose for which the meeting was originally called; at such adjourned meeting the holders of 1966 Series Preference Shares present or represented by proxy may transact the business for which the meeting was originally called and a resolution passed thereat by the affirmative vote of the holders of not less than two-thirds ($\frac{2}{3}$) of the 1966 Series Preference Shares represented and voted at such adjourned meeting cast on a poll shall constitute the approval of the holders of 1966 Series Preference Shares referred to above; the formalities to be observed with respect to the giving of notice of any such meeting or adjourned meeting and the conduct thereof shall be those from time to time prescribed in the articles of association of the Company with respect to meetings of shareholders; on every poll taken at every such meeting or adjourned meeting every holder of 1966 Series Preference Shares shall be entitled to one (1) vote in respect of each 1966 Series Preference Share held.

7.

DIVIDEND RECORD CLASS A COMMON SHARES

PAYMENT DATE	RATE PER ANNUM	AMOUNT	
May 2, 1960	\$.40 per share	\$ 93,600.00	Paid Quarterly
May 1, 1961	.40 per share	93,600.00	Paid Quarterly
April 30, 1962	.40 per share	93,600.00	Paid Quarterly
April 29, 1963	.40 per share	93,600.00	Paid Quarterly
May 2, 1964	.50 per share	117,000.00	Paid Quarterly
May 1, 1965	.50 per share	117,000.00	Paid Quarterly
May 7, 1966	.50 per share (2 quarters)	58,500.00	Paid Quarterly
May 7, 1966	.60 per share (2 quarters)	72,214.50	Paid Quarterly

CLASS B COMMON SHARES

PAYMENT DATE	RATE PER ANNUM	AMOUNT	
May 2, 1960	\$.40 per share	\$ 42,400.00	Paid Quarterly
May 1, 1961	.40 per share	42,400.00	Paid Quarterly
April 30, 1962	.40 per share	42,400.00	Paid Quarterly
April 29, 1963	.40 per share	42,400.00	Paid Quarterly
May 2, 1964	.50 per share	53,000.00	Paid Quarterly
May 1, 1965	.50 per share	53,000.00	Paid Quarterly
May 7, 1966	.50 per share (2 quarters)	26,500.00	Paid Quarterly
May 7, 1966	.60 per share (2 quarters)	31,800.00	Paid Quarterly

NOTE: Dividends paid on the old preference shares and old common shares outstanding prior to 1959 have not been included in the foregoing figures. Regular dividends were paid in each of the fiscal years 1957 to 1959 inclusive on all classes of shares.

As of September 1, 1966, the Class A Common Shares and the Class B Common Shares of the Company were subdivided on a two for one basis and the Directors have approved a payment of 8¢ per share on the Class A and Class B common stock of the Company payable October 15th to shareholders on record October 1st, 1966.

8. RECORD OF PROPERTIES

The Company operates twenty-nine retail outlets in Nova Scotia, seventeen in New Brunswick, one in Prince Edward Island, one in Newfoundland and two in the Province of Quebec. The Company expects to have in operation in 1967 at least one additional supermarket at St. John's, Newfoundland, bringing the total in operation to fifty-one stores.

	SUPER MARKET	FOOD STORE	TOTAL	OWNED	LEASED
In operation	43	7	50	21	29
To be constructed	<u>1</u>	<u>7</u>	<u>1</u>	<u>21</u>	<u>1</u>
	<u>44</u>	<u>7</u>	<u>51</u>	<u>21</u>	<u>30</u>

Additional sites in the Maritime Provinces are presently owned, leased or held under option by or on behalf of the Company. Sites for new outlets are constantly being examined.

8. SUBSIDIARY COMPANIES

Food City Limited is the only subsidiary or controlled company of Sobeys Stores Limited. Food City was incorporated on January 12, 1962 under the Companies Act of Nova Scotia. The nature of the company's business is purchasing property for future development by the Company. The authorized capital is \$5,000.00 divided into 5,000 common shares of the par value of \$1.00 each. The full \$5,000.00 of authorized shares are issued as fully paid and non-assessable and are all owned by Sobeys Stores Limited.

9. FUNDED DEBT AS AT SEPTEMBER 1, 1966

	AUTHORIZED	OUTSTANDING	INTEREST DATES
5½ % Sinking Fund Debentures Series A, due September 1, 1968	\$ 300,000	\$ 120,000	September 1 and March 1
5% Sinking Fund Debentures Series B, due March 1, 1972	500,000	309,000	March 1 and September 1
4¾ % Sinking Fund Debentures Series C, due September 1, 1975	500,000	350,000	September 1 and March 1
6% Sinking Fund Debentures Series D, due May 1, 1977	750,000	547,500	May 1 and November 1
6% Sinking Fund Debentures, Series E, due March 1, 1981	1,000,000	850,500	March 1 and September 1
6% Sinking Fund Debentures Series F, due April 1, 1984	1,000,000	949,000	April 1 and October 1
5¾ % Sinking Fund Debentures Series G, due April 15, 1985	500,000	485,000	April 15 and October 15
6% Sinking Fund Debentures Series H, due November 1, 1985	1,000,000	1,000,000	November 1 and May 1

Outstanding Debentures, September 1, 1966 which total \$4,611,000 differ from the balance sheet figures of May 7, 1966 and August 6, 1966, and may be reconciled as follows:

I. Outstanding Debentures, September 1, 1966	4,611,000.
Add:	
Debentures surrendered for redemption May 30, 1966	22,500.
	<u>4,633,500.</u>
Deduct:	
Debentures in hands of Company May 7, 1966	134,000
Transfer to Current Liabilities May 7, 1966	83,500
	<u>217,500.</u>
Outstanding Debentures, balance sheet, year ending May 7, 1966	<u>4,416,000.</u>
II. Outstanding Debentures, September 1, 1966	4,611,000.
Deduct:	
Funds held by Trustee for redemption of Debentures	18,500.
	<u>4,592,500.</u>

SINKING FUND RATES

Series A	5% per annum
Series B	3% per annum to Sept. 1, 1964 and 5% to Sept. 1, 1971
Series C	3% per annum to September 1, 1974
Series D	3% per annum to May 1, 1976
Series E	3% per annum to May 1, 1980
Series F	3% per annum to April 1, 1983
Series G	3% per annum to April 15, 1984
Series H	3% per annum to April 1, 1984

SECURITY

All Sinking Fund Debentures are secured by the fixed assets of the Company as detailed in the provisions of a Deed of Trust dated September 1, 1963 between the Company and The Nova Scotia Trust Company, Trustee, as amended.

10. OPTIONS, UNDERWRITINGS, ETC.

- (a) The Company has reserved a maximum of 40,000 unissued Class "A" common shares to satisfy the conditions relating to Share Purchase Warrants attaching to the Sinking Fund Debentures, Series "H", maturing November 1, 1985.

The Share Purchase Warrants give the holders the right to purchase Class A Common Shares as follows:

- at \$11.00 a share up to November 1, 1966; thereafter
- at \$11.50 a share up to November 1, 1967; thereafter
- at \$12.00 a share up to November 1, 1970.

- (b) Pursuant to an underwriting agreement dated August 15, 1966 Eastern Securities Company Limited has agreed to purchase from the Company 37,500 shares of the 75,000 - 1966 Series Preference Shares. The Company has granted Eastern Securities Company Limited an option to purchase an additional 37,500 - 1966 Series Preference Shares at any time up to and including October 31, 1966.

11. LISTING ON OTHER STOCK EXCHANGES

At present the Company has its Class A Common Shares listed with the Canadian Stock Exchange and is in good standing.

12. STATUS UNDER SECURITIES ACTS

All requirements of the Registrar of Joint Stock Companies of the Province of Nova Scotia have been complied with and all fees paid to date.

13. FISCAL YEAR

The fiscal year of the Company ends on the first Saturday following April 30 each year.

14. ANNUAL MEETINGS

The Articles of Association of the Company provide that general meetings shall be held once at least in every calendar year, not more than 15 months after the preceding general meeting.

15. HEAD OFFICE

The head office of the Company is located on King Street, Stellarton, Pictou County, Nova Scotia.

16. TRANSFER AGENT

The Transfer Agent of the Company is:
Montreal Trust Company, Toronto, Halifax, Saint John and Montreal.

17. **TRANSFER FEE**

No fee is charged on stock transfers other than the customary Government Stock Transfer Tax.

18. **REGISTRAR**

The Registrar of the Company is:
Montreal Trust Company, Toronto, Halifax, Saint John and Montreal.

19. **AUDITORS**

The Auditors of the Company are:
H. R. Doane and Company (Chartered Accountants), 82 Provost Street, New Glasgow, Nova Scotia.

20. **OFFICERS**

The Officers of the Company are:

NAME	OFFICE	HOME ADDRESS
Frank H. Sobey	Chairman of the Board	Abercrombie, Nova Scotia
William M. Sobey	President	Stellarton, Nova Scotia
Leslie Sharp	Vice-President and General Manager	New Glasgow, Nova Scotia
David F. Sobey	Vice-President - Merchandising	New Glasgow, Nova Scotia
Harold M. Sobey	Vice-President	New Glasgow, Nova Scotia
Merritt G. Crawford	Secretary-Treasurer	Stellarton, Nova Scotia

The foregoing are also Directors of the Company along with:

Donald R. Sobey	Stellarton, Nova Scotia
Frank T. Stanfield	Truro, Nova Scotia
F. Carleton Fisher	Saint John, New Brunswick

CERTIFICATE

Pursuant to a resolution duly passed by its Board of Directors, Sobeys Stores Limited hereby applies for listing of the above mentioned securities on The Toronto Stock Exchange, and the undersigned officers thereof hereby certify that the statements and representations made in this application and in the documents submitted in support thereof are true and correct.



SOBEYS STORES LIMITED
“W. M. SOBEY”, President.
“M. G. CRAWFORD”, Secretary-Treasurer.

CERTIFICATE OF UNDERWRITER/OPTIONEE

To the best of my knowledge, information and belief, all of the statements and representations made in this application and in the documents submitted in support thereof are true and correct.

EASTERN SECURITIES COMPANY LTD.
“A. FINEBERG”
“H. A. HARTLEN”

STATEMENT SHOWING NUMBER OF SHAREHOLDERS
DISTRIBUTION OF CLASS “A” COMMON STOCK AS OF SEPTEMBER 1, 1966

Number				Shares			
81	Holders of	1	—	24 share lots		1,402	
210	”	25	—	99	”	10,728	
154	”	100	—	199	”	16,550	
157	”	200	—	299	”	32,086	
14	”	300	—	399	”	4,350	
37	”	400	—	499	”	14,950	
26	”	500	—	999	”	16,160	
50	”	1000	—	up	”	418,634	
729	Shareholders				Total shares	514,860	

FINANCIAL STATEMENTS

SOBEYS STORES LIMITED AND WHOLLY OWNED SUBSIDIARY COMPANY CONSOLIDATED BALANCE SHEET

MAY 7, 1966
(with comparative figures at May 1, 1965)

ASSETS

CURRENT ASSETS

	1966	1965
Cash	\$ 768,178	\$ 797,481
Marketable securities, at cost (Market Value 1966 — \$1,234,391; 1965 — \$1,626,756)	1,007,526	1,144,031
Accounts and notes receivable less allowance for doubtful accounts	257,208	143,147
Loans receivable	1,302,169	454,034
Inventories, at lower of cost or market	2,015,633	1,808,986
Mortgage receivable — current portion	1,617	
Prepaid expenses	34,009	23,276
Building option	7,500	
	<u>5,393,840</u>	<u>4,370,955</u>
6% MORTGAGE RECEIVABLE — DUE JULY 1, 1985	<u>27,027</u>	
FUNDS HELD BY TRUSTEE FOR REDEMPTION OF DEBENTURES	18,500	24,000
FIXED ASSETS, at cost		
Buildings and parking facilities	4,399,842	3,793,220
Furniture and equipment	3,998,136	3,467,333
Trucks and cars	128,819	133,145
Leasehold improvements	314,969	263,030
	<u>8,841,766</u>	<u>7,656,728</u>
Less: Accumulated depreciation	<u>2,800,384</u>	<u>2,428,385</u>
	6,041,382	5,228,343
Land	1,829,617	1,409,642
	<u>7,870,999</u>	<u>6,637,985</u>
	<u>\$13,310,366</u>	<u>\$11,032,940</u>

LIABILITIES

	1966	1965
CURRENT LIABILITIES		
Bank loan — secured	\$ 296,000	\$ 316,500
Bankers Acceptance Note	500,000	
Accounts payable and accrued liabilities	2,614,167	2,467,721
Sales tax payable	22,074	19,753
Debenture coupons payable	33,985	19,114
Sinking fund debentures (Installments due within one year)....	83,500	99,475
Estimated income taxes payable	96,697	89,291
	<u>3,646,423</u>	<u>3,011,854</u>
LONG-TERM LIABILITIES, per statement attached	<u>4,416,000</u>	<u>3,619,000</u>
ACCUMULATED TAX REDUCTIONS APPLICABLE TO FUTURE YEARS	558,106	463,348
RESERVE FOR FUTURE INVESTMENT TRANSACTIONS	<u>100,000</u>	<u>50,000</u>
SHAREHOLDERS' EQUITY		
Capital Stock		
Authorized		
375,000 Class "A" common shares without nominal or par value		
250,000 Class "B" common shares without nominal or par value		
Issued and fully paid		
247,430 Class "A" common shares (234,000 in 1965)	1,497,850	1,229,250
106,000 Class "B" common shares	32,000	32,000
	<u>1,529,850</u>	<u>1,261,250</u>
Retained Earnings	<u>3,059,987</u>	<u>2,627,488</u>
	<u>4,589,837</u>	<u>3,888,738</u>
	<u>\$13,310,366</u>	<u>\$11,032,940</u>

The Notes attached hereto are an integral part of the Financial Statements and should be read in conjunction therewith.

Signed on behalf of the Board

W. M. SOBEY, Director.

M. G. CRAWFORD, Director

SOBEYS STORES LIMITED
AND WHOLLY OWNED SUBSIDIARY COMPANY
CONSOLIDATED STATEMENT OF LONG-TERM LIABILITIES

MAY 7, 1966
(with comparative figures at May 1, 1965)

	<u>1966</u>		<u>1965</u>
5½ % SINKING FUND DEBENTURES			
SERIES "A" DUE SEPTEMBER 1, 1968			
(Authorized and issued \$300,000)			
Issued — less redeemed	\$ 120,000		\$ 135,000
Debentures in hands of Company	<u>3,000</u>	\$ 117,000	<u>6,000</u> \$ 129,000
5% SINKING FUND DEBENTURES			
SERIES "B" DUE MARCH 1, 1972			
(Authorized and issued \$500,000)			
Issued — less redeemed	309,000		325,000
Debentures in hands of Company	<u>7,000</u>	302,000	<u>5,500</u> 319,500
4¾ % SINKING FUND DEBENTURES			
SERIES "C" DUE SEPTEMBER 1, 1975			
(Authorized and issued \$500,000)			
Issued — less redeemed	350,000		350,000
Debentures in hands of Company	<u>27,500</u>	322,500	<u>17,000</u> 333,000
6% SINKING FUND DEBENTURES			
SERIES "D" DUE MAY 1, 1977			
(Authorized and issued \$750,000)			
Issued — less redeemed	570,000		570,000
Debentures in hands of Company	<u>22,500</u>	547,500	<u>5,000</u> 565,000
6% SINKING FUND DEBENTURES			
SERIES "E" DUE MARCH 1, 1981			
(Authorized and issued \$1,000,000)			
Issued — less redeemed	850,500		880,000
Debentures in hands of Company	<u>4,000</u>	846,500	<u>3,000</u> 877,000
6% SINKING FUND DEBENTURES			
SERIES "F" DUE APRIL 1, 1984			
(Authorized and issued \$1,000,000)			
Issued — less redeemed	949,000		994,000
Debentures in hands of Company	<u>30,000</u>	919,000	<u>994,000</u>
		3,054,500	3,217,500
5¾ % SINKING FUND DEBENTURES			
SERIES "G" DUE APRIL 15, 1985			
(Authorized and issued \$500,000)			
Issued — less redeemed	\$ 485,000		\$ 500,000
Debentures in hands of Company	<u>10,000</u>	475,000	500,000
6% SINKING FUND DEBENTURES			
SERIES "H" DUE NOVEMBER 1, 1985			
Authorized and issued	1,000,000		
Debentures in hands of Company	<u>30,000</u>	970,000	
FIRST MORTGAGE LOAN RE BUILDING			975
		4,499,500	3,718,475
TRANSFER TO CURRENT LIABILITIES		83,500	99,475
TOTAL LONG-TERM LIABILITIES		<u>\$ 4,416,000</u>	<u>\$ 3,619,000</u>

SOBEYS STORES LIMITED
AND WHOLLY OWNED SUBSIDIARY COMPANY
CONSOLIDATED STATEMENT OF RETAINED EARNINGS
FOR THE YEAR ENDED MAY 7, 1966

(with comparative figures for the year ended May 1, 1965)

	<u>1966</u>	<u>1965</u>
Balance, beginning of year	\$2,627,488	\$2,291,585
<i>Add:</i> Net profit for the year	664,315	508,179
Adjustment of prior year's profits resulting from income tax re-assessment		1,368
	<u>3,291,803</u>	<u>2,801,132</u>
<i>Deduct:</i> Dividends paid—Class "A" common	130,715	117,000
—Class "B" common	58,300	53,000
Tax adjustments relating to prior years	1,123	1,644
Financial expenses relating to debenture issues	4,178	2,000
Discount on issue of Series "H" debentures written off	37,500	
	<u>231,816</u>	<u>173,644</u>
Balance, end of yaer	<u>\$3,059,987</u>	<u>\$2,627,488</u>

CONSOLIDATED STATEMENT OF PROFIT AND LOSS
FOR THE YEAR ENDED MAY 7, 1966

(with comparative figures for the year ended May 1, 1965)

	<u>1966</u>	<u>1965</u>
PROFIT FOR THE YEAR BEFORE TAKING INTO ACCOUNT THE UNDERMENTIONED ITEMS	\$2,099,484	\$1,826,867
EXPENSES		
Administrative and office salaries	322,312	298,623
Auditing and management services	12,846	8,970
Depreciation	527,106	440,469
Directors' fees	1,250	1,375
Debenture and mortgage interest	248,133	191,274
Interest on current debt	52,422	51,304
Legal fees	34,885	17,157
	<u>1,198,954</u>	<u>1,009,172</u>
OTHER INCOME	900,530	817,695
Investments	97,089	86,608
	<u>997,619</u>	<u>904,303</u>
OTHER EXPENSES		
Contribution to profit sharing and pension fund	66,810	58,729
NET PROFIT BEFORE INCOME TAXES	<u>930,809</u>	<u>845,574</u>
PROVISION FOR INCOME TAXES		
Taxes payable for the year	336,697	328,797
Provision for future income taxes	94,758	59,191
	<u>431,455</u>	<u>387,988</u>
NET PROFIT FROM OPERATIONS	<u>499,354</u>	<u>457,586</u>
Profit on sale of investments	167,247	101,514
<i>Less:</i> Transfer to reserve for future investment transactions	50,000	50,000
	<u>117,247</u>	<u>51,514</u>
Profit (Loss) on sale of fixed assets	47,714	(921)
	<u>164,961</u>	<u>50,593</u>
NET PROFIT	<u>\$ 664,315</u>	<u>\$ 508,179</u>

SOBEYS STORES LIMITED

BALANCE SHEET AS OF AUGUST 6th, 1966

CURRENT ASSETS

Cash on hand	\$ 776,300.13
Marketable securities at cost (market value 8/6—\$1,356,634.25)	1,141,246.32
Accounts and notes receivable less allowance for doubtful accounts	175,007.56
Loans receivable	1,929,465.89
Inventories at lower of cost or market	2,020,741.49
Prepaid expense	34,259.33
Building option	7,500.00
	<u>6,074,520.72</u>

MORTGAGE RECEIVABLE

6%—July 1, 1985	<u>28,037.50</u>
-----------------------	------------------

ASSETS—SUBSIDIARY COMPANY

Food City Limited	<u>1,765,331.52</u>
-------------------------	---------------------

FIXED ASSETS

Work in progress	141,311.68
Buildings and parking facilities	3,673,904.72
Furniture and equipment	4,078,567.74
Trucks and cars	129,459.78
Leasehold improvements	316,466.37
	<u>8,339,710.29</u>
Less: Accumulated depreciation	2,749,595.22
	<u>5,590,115.07</u>
Land	484,497.59
	<u>6,074,612.66</u>
	<u>\$13,942,502.40</u>

CURRENT LIABILITIES

Bank loan	\$ 273,000.00
Bankers acceptance note	500,000.00
Accounts payable and accrued liabilities	3,074,859.30
Sales and Excise tax payable	26,646.02
Bond interest payment	87,324.18
Income tax payable	102,242.00
	<u>4,064,071.50</u>

LONG TERM LIABILITIES

Series A to H debentures	<u>4,592,500.00</u>
--------------------------------	---------------------

ACCUMULATED TAX REDUCTIONS APPLICABLE TO
FUTURE YEARS

558,105.67

RESERVE FOR FUTURE INVESTMENT TRANSACTIONS

100,000.00

SHAREHOLDER'S EQUITY

<i>Capital stock authorized</i>	
375,000 Class A common shares without nominal or par value	
250,000 Class B common shares without nominal or par value	
<i>Issued and fully paid</i>	
257,430 Class A common shares	1,697,850.00
106,000 Class B common shares	32,000.00
	<u>1,729,850.00</u>
Retained earnings	2,897,975.23
	<u>4,627,825.23</u>
	<u>\$13,942,502.40</u>

Approved:

"DONALD R. SOBEY", Director.

"M. G. CRAWFORD", Secretary Treasurer.

**SOBEYS STORES LIMITED
AND WHOLLY OWNED SUBSIDIARY COMPANY**

**CONSOLIDATED STATEMENT OF EARNINGS
SINCE INCORPORATION**

Year	Profit From Operations	Provisions For Depreciation	Interest on Long-Term Debt	Provision For Income Taxes	Profit (Loss On Sale of Fixed Assets and Investments)	Net Profit
1947	\$ 36,642	\$ 10,186	\$ 3,134	\$ 8,988	\$ 4,334	\$ 18,668
1948 (53 weeks)	59,047	13,926	6,682	13,629	2,630	27,440
1949	86,881	26,189	6,390	21,293	(120)	32,889
1950	114,304	29,338	7,788	28,558	153	48,773
1951	148,049	37,846	7,808	43,959	335	58,771
1952	163,651	35,607	8,102	59,966	—	59,976
1953 (53 weeks)	200,890	38,250	9,398	76,125	—	77,117
1954	214,419	48,663	18,806	66,813	(573)	79,564
1955	288,792	74,363	39,581	80,069	11,869	106,648
1956	396,446	99,472	60,963	108,504	6,639	134,146
1957 (53 weeks)	578,416	136,966	64,284	172,642	4,763	209,287
1958	612,555	141,889	101,041	163,865	40,856	246,616
1959	769,346	164,648	99,078	227,925	11,213	288,908
1960	804,147	176,695	95,039	248,354	8,738	292,797
1961	914,630	211,095	101,181	279,591	6,652	329,415
1962	1,135,190	276,271	145,421	340,412	38,551	411,637
1963	1,228,028	351,631	139,657	347,681	32,586	421,645
1964 (53 weeks)	1,315,808	382,533	139,015	363,366	39,711	470,605
1965	1,477,317	440,469	191,274	387,988	50,593	508,179
1966 (53 weeks)	1,706,048	527,106	248,133	431,455	164,961	664,315

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MAY 7, 1966

- Under the provisions of leases dated January 1, 1959, March 1, 1960, November 15, 1961, April 1, 1963 and March 1, 1965, all between Sobeys Leased Properties Limited as Lessor, and the Company, as Lessee, the Company has leased lands, buildings and improvements from Sobeys Leased Properties Limited for terms extending beyond five years from the Balance Sheet date.
- At Balance Sheet date there was an outstanding guarantee of \$250,000 for bank loans of Sobeys Leased Properties Limited.
- In consideration of the exclusive right to lease the supermarket premises in all shopping centres developed by Canadian Shopping Centres Limited the Company has undertaken, by agreement dated April 1, 1960, to provide cash to meet any obligations which Canadian Shopping Centres Limited is unable or fails to meet until all Series "A" Debentures (of which \$427,500 principal amount is presently outstanding) of Canadian Shopping Centres Limited have been paid in full in accordance with their terms. Any deficiency payment made by Sobeys Stores Limited will be in consideration of the issue to it of an appropriate number of \$10 fully paid and non-assessable 6% non-cumulative redeemable non-voting preference shares of Canadian Shopping Centres Limited.
- The Company has reserved a maximum of 20,000 unissued Class "A" common shares to satisfy the conditions relating to Share Purchase Warrants attaching to the Sinking Fund Debentures, Series "H", maturing November 1, 1985.
- The Company advances, from time to time, surplus cash on a demand note basis at current bank rates of interest to Sobeys Leased Properties Limited. It also advances funds, without interest, to other Companies for their use in acquiring, constructing and leasing shopping centre properties for and on behalf of the Company.
- Provision for income taxes is \$94,758 in excess of taxes payable for the year as a result of claiming capital cost allowance of \$189,516 more than recorded depreciation.
- During the year the Company issued 13,430 shares of Class "A" common shares for cash at \$20 per share to satisfy the conditions relating to Share Purchase Warrants attaching to the Sinking Fund Debentures, Series "E".

AUDITORS' REPORT

To the Shareholders of
SOBEYS STORES LIMITED

We have examined the Consolidated Balance Sheet of Sobeys Stores Limited and its wholly owned subsidiary company as at May 7, 1966 and the Consolidated Statements of Profit and Loss and Retained Earnings for the year ended on that date, and have obtained all the information and explanations we have required. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, and according to the best of our information and the explanations given to us, and as shown by the books of the Companies, the accompanying Consolidated Balance Sheet and Consolidated Statements of Profit and Loss and Retained Earnings are properly drawn up so as to exhibit a true and correct view of the state of the Companies' affairs as at May 7, 1966 and the results of operations for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

New Glasgow, Nova Scotia
June 27, 1966

H. R. DOANE AND COMPANY
Chartered Accountants

